Market Announcement

Cusco Project – Resource Estimate

The Company is pleased to announce the completion of an initial JORC mineral resource estimate for the Santo Tomas concessions within the Cusco Iron Ore Project located in the Southern Highlands of Peru (see *Appendix A - Figure 1*) by international consulting firm SRK Consulting[1] in conjunction with Apurimac Ferrum ("**AF**") geologists.

Announcement Highlights

- Inferred Resource of 104.4 million tonnes (Mt) at an average grade of 32.6% Fe, 21.7% SiO_2, 3.19% Al_2O_3, 0.53% S, 0.04% P and 0.23% LOI.
- Additional potential iron ore mineralisation identified from current drilling of 23 to 26 Mt at similar grades to the Inferred Resource. (*The potential quantity and grade of the target iron ore is conceptual in nature. There has been insufficient exploration to define an additional mineral resource in relation to that target iron ore. It is uncertain whether further exploration will result in the determination of an additional mineral resource in relation to that target iron ore.*)
- Potential for higher-grade, lower-sulphur, near-surface haematite zones identified in logging.
- Significant potential for further iron ore mineralisation through extensions along strike and testing of remaining geophysical targets.

Detailed Results

The Cusco Iron Ore Project lies in the Southern Highlands of Peru within the highly-prospective Andahuaylas-Yauri Cu/Fe Belt (see *Appendix A - Figure 2*). The AF concessions comprise 22 concessions in three separate blocks, covering approximately 175 square kilometres. The initial area tested by drilling falls within the Santo Tomas concessions, which lie at approximately 4300m above sea level and 200 kilometres to the south east of the Opaban resource.

The Santo Tomas Project was identified in 2007 as an area highly prospective for iron ore, with a large circular magnetic anomaly in the order of two (2) kilometres in diameter and several associated major structural zones. The circular feature is interpreted as a late-stage intrusive at depth. These intrusives are commonly the source of the hydrothermal fluids which form the iron ore mineralisation within the region as well as large copper (and gold) porphyry systems.

Surface mapping and gravity surveys identified gravity highs and outcropping ironstones containing both haematite and magnetite coincident with much of the magnetic anomaly. Approximately 40% of the target area was subject to an initial, broadly-spaced drilling program in 2007 and 2008, comprising 168 holes for 16,935 metres of reverse circulation (RC) and diamond drilling.

The haematite-rich material was noted from the geological mapping to be relatively high-grade (>50% Fe) and containing modest sulphur grades. Hence, the focus of the initial exploration and study programs was on testing these zones to evaluate opportunities to establish a low-tonnage, lump product business involving trucking of the ore to Imata followed by rail transport to the port of Matarani for export. While this option is technically feasible the requirement for significant capital and lead time to up-grade the transport legs and port facilities and the dispute between AF's shareholders at that time led to this option being shelved in 2008.

With the settlement of the shareholder dispute in 2009 and the subsequent restart of exploration the AF team revisited the Santo Tomas area while awaiting approvals to commence work on the

[1] SRK consulting is unrelated to Strike Resources (ASX code: SRK)

Apurimac project. This involved re-logging of the drill holes with a focus on understanding the key material types and styles to assist with determining the future exploration direction at Santo Tomas and the Cusco area in general.

This work highlighted several key findings, namely;

- Three (3) key iron ore material types were present (see *Appendix A - Figure 3*):
  - Haematite-rich material which formed a superficial cap on the deeper, magnetite-rich mineralisation;
  - Massive magnetite zones in the core of the primary mineralisation; and
  - Magnetite breccias, which tend to form the margins of the deposits.
- The mineralisation remains open in most areas due to the relatively-coarse drill hole spacing.
- Iron ore grades tend to be highest near surface and reduce with depth.
- The magnetite mineralisation is similar in style to Opaban, with relatively coarse-grained magnetite, which is hence expected to be amenable to up-grade at relatively coarse grind sizes (0.5 – 1mm).
- The magnetite mineralisation contains significant pyrite and some chalcopyrite which will require removal to produce a suitable iron ore product.

Inferred Resource Estimate

The Santo Tomas JORC Mineral Resource estimate is set out in Table 1 below, with additional details of the resource set out in *Appendix B*.

Table 1 – Santo Tomas Project – June 2011 Inferred Resource Estimate – 0% Fe Cut off

Tonnes (Mt)	Fe (%)	S (%)	Al_2O_3 (%)	LOI (%)	P (%)	SiO_2 (%)
104.4	32.62	0.528	3.19	0.21	0.035	21.66

The tonnage and grade sensitivity for the both material types is presented in *Appendix A - Figure 4*.

Further Iron Ore Potential

As noted above, the Santo Tomas drilling has identified iron mineralisation which is not sufficiently well defined to be included in the Inferred Resource estimate due to the relatively broad spacing of some of the drilling. SRK Consulting has estimated that an additional 23 to 26 Mt of potential iron ore mineralisation at a similar grade to the Inferred Resource has been identified by the current drilling.

(*The potential quantity and grade of the target iron ore is conceptual in nature. There has been insufficient exploration to define an additional mineral resource in relation to that target iron ore. It is uncertain whether further exploration will result in the determination of an additional mineral resource in relation to that target iron ore.*)

In addition SRK Consulting has reviewed the geophysical and geological data for the Santo Tomas concessions and identified several areas with strong potential to identify additional iron mineralisation. These include extensions to current resources, identified potential and the remainder of the major magnetic anomaly and structural zones associated with the margin of the interpreted late stage intrusion. These targets are shown in *Appendix A - Figure 5*.

Precious and Base Metal Potential

Importantly, the Santo Tomas mineral resource lies within the tectonic Andahuaylas-Yauri belt and metallogenic province, which hosts a number of world-class polymetallic deposits (see Appendix A - *Figure 2*). The Andahuaylas–Yauri belt is situated in south-eastern Peru and is a rapidly emerging porphyry copper province.

Until the 1980s the province was mainly known for its copper-bearing magnetite skarn deposits such as Tintaya, Atalaya and Las Bambas, however, during the 1990s, important discoveries of economic porphyry copper style deposits such as Antapaccay, Los Chancas and Cotabambas were made.

A recent review by AF geologists has recognised similar association between the porphyry copper style alteration assemblages and the magnetite +/- sulphides mineralisation occurring within the Santo Tomas project area.

Also of significance, broad zones of anomalous copper, silver and molybdenum values have now been identified within historical drill samples. While this work is at an early stage it has substantially raised the project's potential to host precious and base metals. Further assessment of this potential is continuing, with a specific geological mapping and sampling programme in progress. This work, combined with the outcomes from the review of previous geological and drilling programs, is due for completion in the September Quarter, with the aim of identifying precious and base metal exploration targets for detailed geophysical surveys and a preliminary drilling program within the Santo Tomas concessions.

JORC Code Competent Person Statement

The information in this document which relates to Mineral Resources has been compiled by Mr George Even, who is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and is an employee of SRK Consulting (Chile) S.A. Mr Even has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Mr Even consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

Friday 17 June, 2011

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Appendix A - Figures

Figure 1: Apurimac Iron-Ore Project and Cusco Iron Ore Project

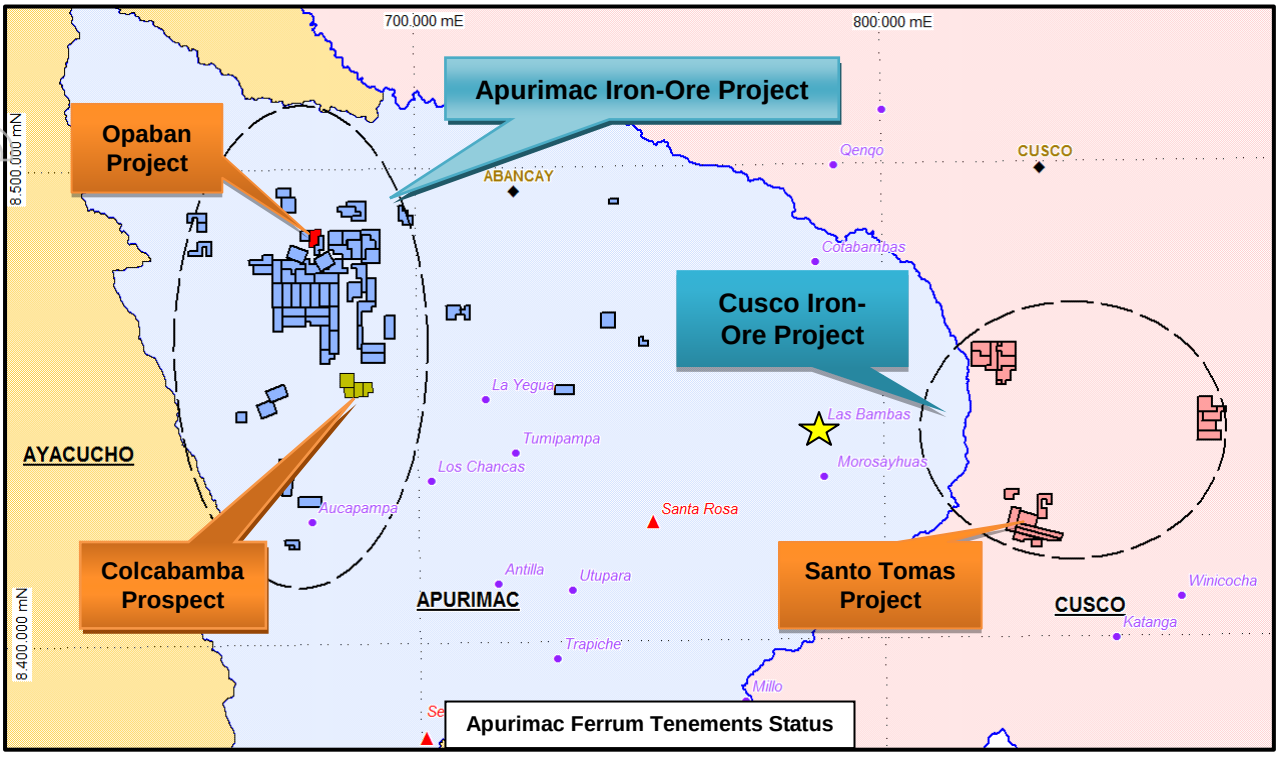


Figure 2: Andahuaylas-Yauri Metallogenic Province showing AF concessions and nearby polymetallic deposits

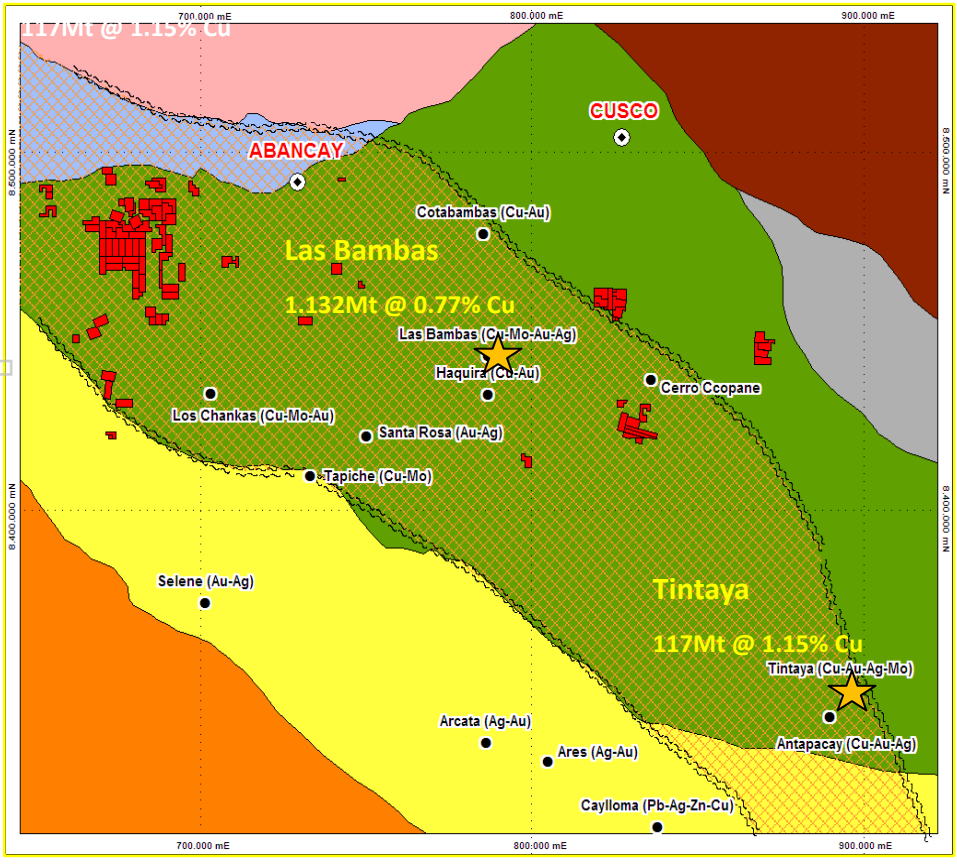


Figure 3: Typical cross section at Santo Tomas showing haematite (pink), magnetite (MT, dark brown) and hydrothermal breccia (HB, light brown) zones

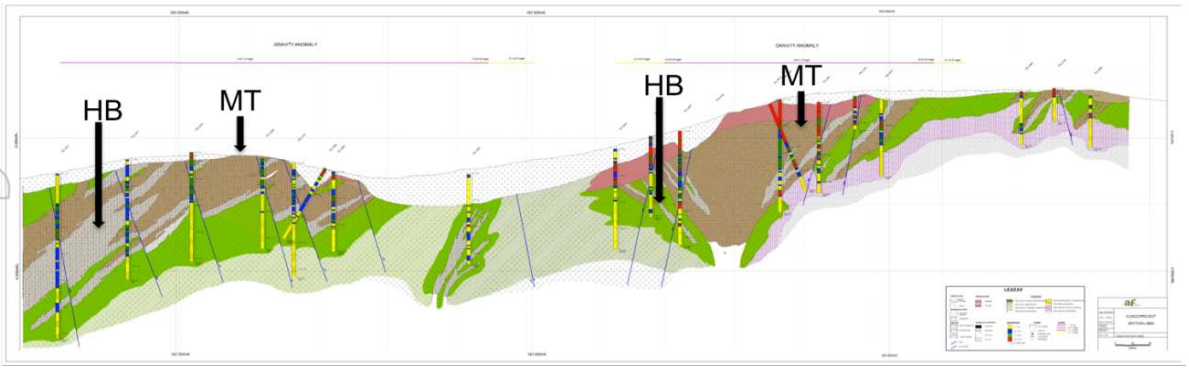


Figure 4: Grade tonnage curve for Inferred Resources

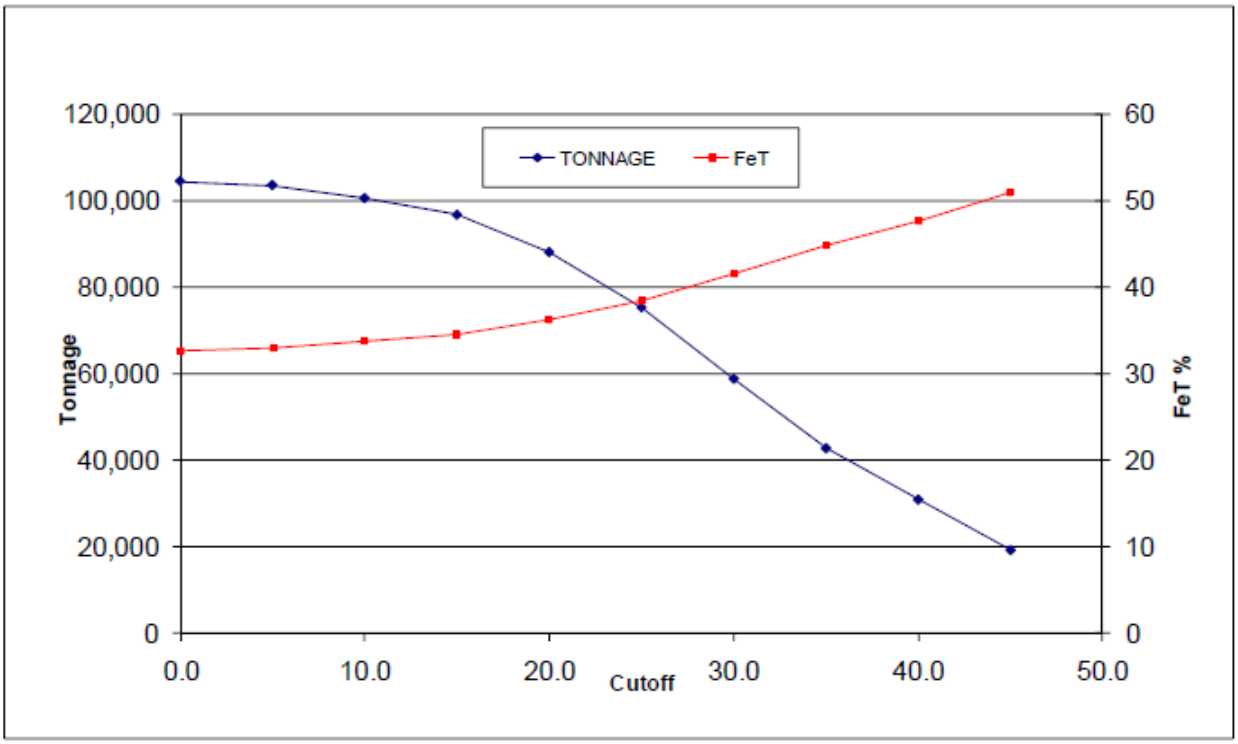
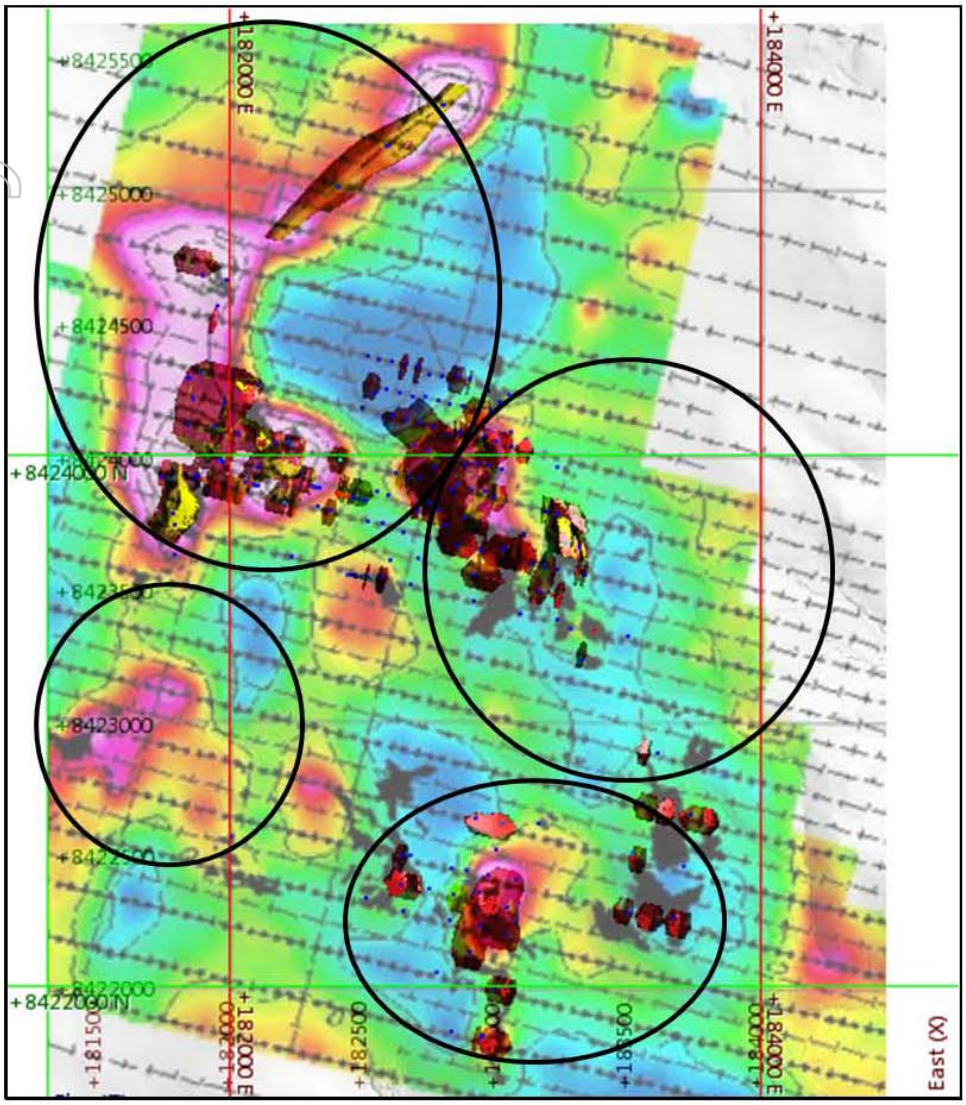


Figure 5: Total magnetic field image showing mineralisation envelopes (inferred resources and potential) and target areas (black circles) yet to be drill tested.



Appendix B

Santo Tomas – Resource Parameters

Resource Estimation Criteria			
Background			
Resource Date	June 2011		
Project Name	Santo Tomas Iron Ore Project		
Ownership	Apurimac Ferrum		
Concession Status	Name		Area (km^2)
	El Pacifico II		10.2
	Delia Esperanza		10.2
	Flor de Maria		9.1
Geographic Coordinate System	PSAD56 Zone 19S		
Resource Category	Inferred		
Resource Location	Located within the Department of Cusco southern Peru		
Resource Dimensions	Easting	181250mE	187500mE
	Northing	8422000mN	8425600mN
	RL	3800m	4400m
Geological Description			
Genetic Type	Andean Porphyry Fe-Cu system. Structurally control emplacement with some supergene enrichment.		
Geological Setting	The Andahuaylas–Yauri metallogenic Cu-Fe-Au-Mo belt. Iron mineralization associated with amphibole–(±biotite-bearing) dioritic intrusions belonging to the Andahuaylas-Yauri batholith. Emplacement and mineralisation occurred during the Middle Eocene to Early Oligocene epoch.		

Responsibilities	
Data Collection	Apurimac Ferrum
Data Management	Apurimac Ferrum
Data Integrity	Apurimac Ferrum
Geological Interpretation	Apurimac Ferrum
Resource Modelling	SRK Consulting (Chile)
Competent Person	George Even - Corporate Consulting Geologist
Independent Technical Review	SRK Consulting (Perth)

Geological and Geochemical Data Base	
Insitu Bulk Density	None collected: Densities derived from a regression formula provided by SRK based on iron projects with similar geological and material type characteristics. Density = Total Fe% x (0.0305)+2.5125
Analytical Laboratory	ALS Chemex Canada
Number of samples analysed	8170
Sample preparation	Certified method: Crushing, drying, pulverising, splitting
Analytical Methods	
X Ray Florescence (XRF)	ME-XRF1: Fe and other Metal oxides: LOI determined at 1000^0C
Induced Coupled Plasma (ICP)	ME-ICP61: four acid digestion with 33 element analysis
Quality Assurance/Control	Standards 1 in 50; Duplicates 1 in 25, Blanks 1 in 25
Geological Modelling Parameters	
Geological Software	MapInfo
Geological Interpretation	25 geological cross sections: Variable line spacing; 100m and 200m
Lithological boundaries	Defined by geological mapping, logging and chemical analysis
Mineralisation envelop	Defined by geological logging and chemical analysis
Material Type	Defined by geological logging and chemical analysis
Hydrothermal breccia	Fragments of altered diorite magnetite in a matrix of magnetite ± pyrite, with magnetite up to 95% content.

Massive Magnetite	Massive lensoid magnetite body along nearly vertical intrusive contact with the intrusive.

Drilling Specifications		
Drilling Method	Number of Holes	Total Metres
Diamond Drilling	68 HQ/BQ	649.40
Reverse Circulation	100	10481.60
Surveying Methods		
Collar	Hand held Garmin and Leica GPX1230/ SR 9500 DGPS	
Downhole	None	
Sampling Method		
Reverse Circulation	Sub sampling by riffle splitting: Variable sampling intervals	
Diamond Drilling	Half core diamond saw cutting: Variable sampling intervals	

Block Model Parameters			
Modelling Software	VULCAN, LEAPFROG, GEMS		
Estimation Method	Ordinary kriging using omni-directional variograms to define element parametres		
	X (m)	**Y (m)**	**Z (m)**
Parent Block size	10	10	5
Composites	All samples regularised to 2 m composites		
Massive magnetite	1335 composites 2m in length		
Breccia	657 composites 2m in length		
Attributes			
HB	Hydrothermal breccia		
MT	Massive magnetite overgrowth		
Fe	Total Fe% grade		
S	Sulphur grade		
Cu	Copper grade		
Al_2O_3	Aluminium Oxide grade		
LOI	Loss on Ignition		
P	Phosphorous grade		
SiO_2	Silica Oxide grade		